



ASSESSING THE ROLE OF SMALL AND MEDIUM ENTERPRISES IN SUSTAINABLE BUSINESS PRACTICES IN LOKOJA, KOGI STATE

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ABSTRACTS

This study focuses on the role of Small and Medium Enterprises in Promoting Sustainable Business Practices in Lokoja, Kogi State. Questionnaires were personally administered and followed up by interviews to obtain information for the study, while 115 questionnaires were used for the study. Descriptive statistics such as tables and Graph Chart and the 5-point Likert scale rating. The findings of the study reveal that a significant number of Small and Medium Enterprises have already taken active steps in implementing sustainable initiatives, which include renewable energy adoption and environmental certification, waste management and water conservation, sourcing materials and suppliers locally and digital transformation. key barriers faced by Small and Medium Enterprises in embracing sustainable practices include financial constraints, limited access to resources such as knowledge and technology, and inadequate support from the government or other organizations. The study recommended that government and relevant organizations should design and implement specialized support programs to assist Small and Medium Enterprises in adopting sustainable practices. To alleviate the financial constraints faced by Small and Medium Enterprises when adopting sustainable practices, the government should consider providing financial incentives such as tax breaks, grants, or low-interest loans specifically tailored for sustainable initiatives.

Key words: Small and Medium Enterprises, Sustainable Business Practices, government, Finance

INTRODUCTION

Small and Medium Enterprises refer to a category of businesses that fall within a certain size range in terms of their number of employees, total assets, or annual turnover. Small and Medium Enterprises offer a significant contribution to economic growth through creating jobs, alleviating poverty, distribution of income, and innovation (Maneesha, 2020). To create a sound industrial sector in the economy, having a good Small and Medium Enterprises sector becomes essential. Well-functioning Small and Medium Enterprises are necessary for continuous and sustainable economic growth (Parvin, *et al*, 2021). The rapid economic growth and greater profitability of developing markets provide Small and Medium Enterprises

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with opportunities to be more successful in the markets, both domestically and internationally (Yeh, *et al*, 2021). In recent years, there has been a growing recognition of the importance of sustainable business practices for long-term economic, environmental, and social well-being. As a result, the role of Small and Medium Enterprises in adopting and implementing sustainable practices has come under increased scrutiny (Baark, *et al*, 2020).

Sustainability encompasses a broad range of practices aimed at minimizing negative impacts on the environment, promoting social equity, and ensuring economic viability. These practices include reducing carbon emissions, conserving natural resources, adopting fair labor standards, and engaging in community development initiatives, among others. Small and Medium Enterprises, due to their size and flexibility, have the potential to play a crucial role in driving sustainable development and promoting a more responsible business environment (Baark, *et al*, 2020). Small and Medium Enterprises are known for their agility and innovation. They foster creativity and drive technological advancements in various sectors. Their ability to adapt quickly to changing market demands and embrace new technologies contributes to overall economic growth (European Commission, 2019). By offering products and services tailored to local needs, Small and Medium-sized Enterprises contribute to inclusive growth and development (UNCTAD, 2020). Many Small and Medium Enterprises adopt environmentally sustainable practices due to their limited resources and cost constraints. For instance, they may implement energy-efficient technologies, use renewable energy sources, or reduce waste generation. These sustainable practices contribute to the overall reduction of environmental impacts (European Environment Agency, 2019).

Lokoja is a city located in Nigeria. It serves as the capital of Kogi State, one of the states in the central region of Nigeria. Lokoja is situated at the confluence of the Niger River and the Benue River, which is why it is often referred to as "The Confluence City." (Bayani and Crisanto, 2017). Small and Medium Enterprises in Lokoja, like Small and Medium-Sized Enterprises elsewhere, sustain their business practices by adopting various strategies that promote long-term viability and growth such as understanding the needs and preferences of their local customer base in Lokoja. Ensuring the quality of products and services is essential for Small and Medium Enterprises to remain competitive. However, securing adequate financing is often a challenge. Exploring funding options such as microloans, grants, or support from government programs can help Small and Medium Enterprises in Lokoja sustain and expand their operations (Hossain, 2020).

The study asked the following questions

- i. What is the current state of sustainable business practices adoption among Small and Medium-Sized Enterprises in the study area?
- ii. What are the key barriers faced by Small and Medium-Sized Enterprises in adopting sustainable business practices?
- iii. What are the factors influencing Small and Medium-Sized Enterprises to embrace sustainable business practices?

The main objective of the study is to assess the role of Small and Medium-Sized Enterprises in promoting sustainable business practices in Lokoja, Kogi State and the specific objectives are as follows::

- i. Assess the current state of sustainable business practices adoption among Small and Medium-Sized Enterprises in the study area
- ii. examine the key barriers faced by Small and Medium-Sized Enterprises in adopting sustainable business practices in the study area
- iii. assess the factors influencing Small and Medium-Sized Enterprises to embrace sustainable business practices in the study area

The following research questions of the study would be addressed:

- i. What is the current state of sustainable business practices adoption among Small and Medium-Sized Enterprises in the study area?

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- ii. What are the key barriers faced by Small and Medium-Sized Enterprises in adopting sustainable business practices?
- iii. What are the factors influencing Small and Medium-Sized Enterprises to embrace sustainable business practices?

REVIEW OF RELATED LITERATURE

The concept of Small and Medium-Sized Enterprises (SMEs) refers to a category of businesses that fall within a certain size range in terms of their number of employees, total assets, or annual turnover. Small and Medium-Sized Enterprises play a crucial role in economic development and job creation in many countries. They are often considered the backbone of the economy due to their significant contribution to employment, innovation, and entrepreneurship. Small and Medium-Sized Enterprises operate in various sectors, including manufacturing, services, retail, agriculture, and technology (Small Business Administration, 2020).

Sustainable Business Practices

The concept of sustainable business practices refers to the integration of environmental, social, and economic considerations into the core operations and strategies of a business. It involves adopting practices that minimize negative impacts on the environment, promote social equity and responsibility, and contribute to long-term economic viability (Elkington, 2018). Numerous studies have investigated the adoption of sustainable practices by Small and Medium-sized Enterprises. Adeleke and Mordi (2018) found that Small and Medium-sized Enterprises commitment to sustainable entrepreneurship positively influences the adoption of sustainable business practices.

Research has indicated that Small and Medium-sized Enterprises can gain competitive advantage through the adoption of sustainable practices. Santos, *et al.*, (2015) explored how entrepreneurial action contributes to reducing environmental degradation, and highlighted the role of Small and Medium-sized Enterprises in sustainable entrepreneurship. Schaltegger and Wagner (2011) emphasized the importance of sustainable entrepreneurship and innovation in Small and Medium-sized Enterprises, identifying it as a potential driver for competitive advantage. Boso, *et al.*, (2019) found that networking and collaboration positively influence sustainable entrepreneurship and performance in Small and Medium-sized Enterprises.

Small and Medium-sized Enterprises and Sustainable Development in Lokoja, Kogi State

Small and Medium Enterprises are an essential component of any economy, including Lokoja, Nigeria. These enterprises play a significant role in driving economic growth, job creation, and poverty reduction. In Lokoja, Small and Medium Enterprises are defined based on their employee size and assets. The classification may vary slightly depending on the source, but generally, Small and Medium-sized Enterprises in Lokoja is categories into Micro Enterprises (These are businesses with fewer than 10 employees and minimal assets), Small Enterprises (These are businesses with 11 to 49 employees and slightly higher assets than micro enterprises) and Medium Enterprises (These are businesses with 50 to 199 employees and relatively more significant assets compared to small enterprises), (Schaltegger and Wagner, 2021). Sustainable development, on the other hand, refers to a development approach that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. It involves considering economic, social, and environmental factors to ensure a balanced and equitable development process (Adeleke and Mordi, 2018). In the context of Lokoja, promoting sustainable development in Small and Medium-sized Enterprises is essential, which contribute to economic growth (Bai and Sarkis, 2020). Encouraging sustainable practices in Small and Medium-sized Enterprises can minimize their negative impact on the environment, leading to reduced pollution, resource conservation, and better waste management (Lüdeke-Freund, 2019).

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Theoretical Review

Triple Bottom Line (TBL) Theory:

The Triple Bottom Line (TBL) theory was posited by John Elkington in 1994. The TBL theory emphasizes the idea that businesses should not only focus on financial profits (the traditional bottom line) but also on social and environmental impacts. In the situation of Lokoja, Kogi State, SMEs that incorporate TBL principles can contribute to sustainable business practices by economic Sustainability, where SMEs can generate economic growth in the region by providing employment opportunities and stimulating local economic activities. This leads to poverty reduction and improved living standards. Also, through social sustainability where SMEs can engage in community development and support local social initiatives and environmental Sustainability where SMEs can adopt eco-friendly practices, reducing their environmental footprint Elkington, 1994).

The theory assumes that businesses have three main dimensions of performance: economic, social, and environmental. It also assumes that these dimensions are interconnected, and actions in one area can affect the others. For example, positive social contributions can lead to increased financial performance. The strengths of the TBL theory offers a more comprehensive assessment of a company's performance by going beyond financial metrics and considering broader social and environmental impacts. The TBL theory also promotes long-term sustainability by encouraging businesses to consider the social and environmental consequences of their actions, which can lead to responsible and ethical practices. Implementing TBL principles can enhance a company's reputation, making it more appealing to customers, investors, and employees who value corporate social responsibility (Elkington, 1994).

One of the main weaknesses is the difficulty in quantifying and measuring social and environmental impacts. This can make it challenging to compare and benchmark TBL performance. The theory's application relies on subjective judgments and values, which can vary from one stakeholder to another, leading to potential conflicts in priorities. The TBL theory is highly relevant in today's business landscape because it encourages businesses to address environmental issues and contribute to a more sustainable future. Companies that effectively implement TBL principles can gain a competitive advantage by differentiating themselves and appealing to a growing market of socially and environmentally conscious consumers.

Resource-Based View (RBV) Theory:

The RBV theory posits that a firm's competitive advantage and sustainability come from the effective utilization of unique, valuable, and non-substitutable resources. The Resource-Based View (RBV) theory was primarily developed by Wernerfelt, Barney, and Penrose (1992). The theory assumes that firms possess different and unique resources, and these differences can lead to competitive advantages. It also assumes that some resources are not perfectly mobile and can be difficult for other firms to replicate, making them valuable. Strengths of the RBV theory shifts the focus from external market factors to internal resources and capabilities, which are within a firm's control. It suggests that firms can achieve a sustainable competitive advantage by leveraging their unique resources. RBV theory encourages firms to adapt and evolve based on their resource base, which is important in dynamic and changing business environments. Weaknesses of the theory is that critics argue that the theory can be circular in its reasoning, as it defines competitive advantage in terms of valuable, rare, and non-substitutable resources, which can be seen as tautological. The RBV theory remains highly relevant in strategic management and business studies for understanding and achieving competitive advantage by identifying and leveraging unique resources, which is a fundamental concern for businesses. Incorporating these theories, SMEs in Lokoja, Kogi State can play a pivotal role in driving sustainable business practices, benefiting both their organizations and the broader community and environment (Wernerfelt, *et al*, 1992)

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Empirical Review

Numerous studies have investigated the adoption of sustainable practices by SMEs. For instance, Ntiamoah, *et al.* (2024) carried out a study aimed to assess the impact of small and medium-sized businesses to Ghana's economic growth using the New Juabeng Municipal Assembly as a case study. Primary data were obtained through the administering of questionnaires to 200 respondents operating within the SME businesses. Data collected were coded and analyzed using the Statistical Package for Social Sciences (SPSS) analytical tool and subject to both descriptive and inferential statistics. Multiple regression analysis was carried out to see if any, relationship existed between the dependent variables, employment growth and increase in income and the independent variables, higher education levels, and support from government and NGOs. The findings of the study showed that SMEs contribute immensely to job creation, especially to people with less formal education in the rural economy. With regards to income generation, the study showed that SMEs served as an important catalyst in the generation and distribution of income of the people. Thabiso & Odunayo, (2021) conducted a research on the dwindling growth of small businesses and their rate of failure in South Africa has been traced to poor financing. Thus, the factors affecting the financial sustainability of small and medium-sized enterprises in South Africa are examined in this study. Using purposive sampling, data were collected from 310 respondents, however six were incorrectly completed. The analysis was based on data collected from 304 respondents which cut across owners and/or managers from small and medium construction, manufacturing, retail, and agricultural enterprises. A quantitative research design that falls under the positivist paradigm was used. Specifically, through a descriptive and multivariate regression analysis, it was found that financial awareness, budgeting, accounting skills, and access to finance have positive and significant effects on the financial sustainability of SMEs with all the variables, having 0.005 probability values, respectively. Out of all the variables examined, budgeting and access to finance have the largest absolute values of 0.425 and 0.373, respectively. Thus, it was concluded that workshops, training, and seminars to improve the financial literacy of small and medium enterprises should be organized. This will improve owner's ability to deploy the accounting and budgeting skills and they will be exposed to meeting loan criteria and conditions from financial institutions. Also, adequate funds should be allocated to cater for the regular training and development of small business owners using the services of financial experts.

Desislava & Emma (2020) carried out a study on the external and internal drivers for maintaining sustainable practices, and investigating the extent of these in Swedish SMEs. Researchers have identified the strongest external and internal drivers for adopting sustainable practices, which we put against the perception of SMEs and their stimuli for maintaining these. This dissertation had an exploratory nature, which required more in-depth understanding of the issues, which translated into using a qualitative research method. Swedish companies were the sole focus of the examination, where a cross-sectional research design was applied for collecting the data. Nine semi-structured interviews were conducted, and as with other qualitative studies the results should be taken with caution, but since patterns emerged, this brought merit to our findings. Findings and Conclusions Interestingly, out of all thirteen drivers with strong links to adoption, only six were considered more strongly linked to the maintenance component. Apart from these findings, we found a strong motivational driver, namely the perceived longevity of the business, which we consider should stand separately. Our main conclusions suggest that (a) the social pillar has been neglected, (b) the type and extent of sustainability engagement is not as linked to the size of the enterprise, and (c) the majority of the investigated Swedish SMEs are, if not yet, in the 'Incremental development' stage, on the way to it. Obviously, reaching outside-in approach will not happen overnight, but businesses can take the next step.

Alireza & Mehdi (2020) researched on sustainability Barriers in SMEs: A study of strength of sustainability barriers and practical solutions in Green product lifecycle at SMEs. This study analyses the existing barriers and focuses on small and medium sizes firms (SMEs) around Jonkoping. Besides, this study includes

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interviews with successful and sustainable companies and reflects their solutions to overcome those barriers in a different step of the green product. The purpose of this thesis is to study the existing practical and simple solutions for different environmental sustainability barriers in SMEs which located in Jonkoping region. Also, it goals to reveal solutions which applies by sustainable businesses to overcome to the sustainability barriers. To fulfil the purpose of the thesis, an experimental research design was applied, and the data was provided from in-depth, semi-structured interviews. Ten interviews were conducted with successful businesses in sustainability practice in the Jonkoping region. The data analysis for this study was created by an inductive approach. This study has revealed that the successful green businesses categorizing their barriers into general, segmental, and individual groups. After that, by evaluating the strength of obstacles in different steps of GPL and considering their available resources they plan to apply proper solution. The other main finding in this thesis was a practical framework according to what have been done in our research

Mumuni (2019) conducted a study on assessing sustainable business strategy in Small and Medium Scale Enterprises therefore sought to discover the institutions that give support, the strategies employed by Small and Medium Scale Enterprises in their business preparation, sustainability of the support given to the enterprises and the challenges faced by Small and Medium Scale Enterprises and mechanisms put in place to address these challenges. A sample of 91 respondents consisting of entrepreneurs of SMEs was selected for investigation. Basically, descriptive statistics, SWOT analysis and the Kendall's coefficient of concordance were used in data analysis. The findings indicated that ASONGTABA, BAC, Banks, Credit Union, LESDEP, Microfinance Institutions, MTN, PARED and REP were the institutions supporting SMEs. Strategies used include response to client taste, speed to market, product quality and technological innovation. There was growth and expansion of business by those who adopted the major strategies as well as the other strategies to have their objectives realised. As to whether there were challenges faced by Small and Medium Scale Enterprises, almost all the respondents said they were faced by financial challenge ranking it first; technical challenge and administrative challenge had been ranked second and third respectively. The study therefore, recommends that growth and expansion of these enterprises can occur by adopting major service delivery strategies. Any effort to improve upon the performance of Small and Medium Scale Enterprises should consider financial, technical and administrative challenges

Smith (2018) conducted a study on assessing the Role of Small and Medium Enterprises in Sustainable Business Practices. Data Collection Method were Semi-structured interviews and document analysis. The Sample Size used were 10 small and medium enterprises. Findings of the study Identified a lack of awareness and understanding of sustainable business practices among SMEs. Despite some initiatives, most SMEs struggled to implement comprehensive sustainability strategies due to resource constraints and competing priorities. The study recommended that targeted educational programs and capacity-building initiatives should be tailored to the needs of SMEs to promote sustainable practices. Suggested collaboration among stakeholders to provide support and resources for SMEs in adopting sustainable business models. They noted that SMEs play a crucial role in sustainable development, but concerted efforts are needed to overcome barriers and enable their participation in sustainable business practices. The study is been criticized for Limited generalizability of findings due to the small sample size and potential bias in participant selection.

METHODOLOGY

The research designed used by the researcher is the exploratory research method. Questionnaires were personally administered and followed up by interviews to obtain information in the verbal responses from respondents. For the purpose of this study, the researcher is restricted to 938, 740 SMEDAN registered Small and Medium Enterprises (SMEs) in Lokoja, Kogi State, from the following sectors such as manufacturing, retail, construction, and agricultural sectors. The Taro Yamene's statistical formula was used to calculate the sample size of the study.

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$$n = N/1+N(e)^2$$

where n = sample size, N = population, e = margin of error (5%)

$$\text{Therefore;} = 938,740 / (1 + 938,741 (0.01)^2)$$

$$= 938,740 / (938,740 (0.0001))$$

$$= 938,740 / 0.3164$$

$$= 120$$

The sample size for this study is 120.

Table 1: Details of Targeted Sample Size and Respondents

Nature of SMEs	Nature of participants	Target sample size
Construction	Owner of the SMEs or manager	30
Manufacturing	Owner of the SMEs or manager	30
Agriculture	Owner of the SMEs or manager	30
Retail sector	Owner of the SMEs or manager	30
Total		120

Descriptive statistics such as tables, charts, was used to achieve some objectives of the study, while the multiple regression analysis and five-point Likert scale ranging from strongly agree (5) to strongly disagree (1) was also used to achieve some objectives of the research work. Data was analyzed with the Statistical Package for Social Scientists (SPSS).

DATA PRESENTATION AND ANALYSIS

Socioeconomic Characteristics of Respondents

The table 4.1 above shows the demographic details such as gender, age, educational qualifications and years of experience of Small and Medium Enterprises in the study areas. The table below shows that the gender of the respondents. 65.2% of respondents are male while 34.8% of respondents are female. Age of the respondents is shown in the below table. It is revealed that 21.6% of the respondents fall within the age group of less than 25 years, 15.7% fall within the age group of 26-35years, 17.4% of the respondents are within the age group of 36-45years, 31.3% fall within the age group of 46-55years and 9.6% are above 55years of age.

The table equally shows the educational qualification attained by the respondents. It is revealed in the table 4.1 below that 14.8% of the respondents possess Primary school certificate, 26.1% of the respondents are possess Secondary school certificate, 29.6% of the respondents are holders of Diploma Certificate, Bachelor's degree holders of the respondents are 16.5%, and 13.0% of the respondents are having Master's degree or higher qualifications. However, table 4.1 also shows the years of experience of respondent, it is revealed that 17.4% of respondents have been in business for Less than 1 year, others are 1-3 years (44.3%), 4-7 years (14.8%), 8-10 years (11.3%) and more than 10 years (12.2%).

Table.1: Socioeconomic Characteristics of Respondents in the study area

Variables	Frequency	Percentage (%)
Gender		
Male	75	65.2
Female	40	34.8
Total	115	100.0
Age (years)		
<25	30	26.1
26-35	18	15.7
36-45	20	17.4
46-55	36	31.3
Above 55	11	9.6
Total	115	100.0

Citation:



Level of Education		
Primary school	17	14.8
Secondary school	30	26.1
Diploma Certificate	34	29.6
Bachelor's degree	19	16.5
Master's degree or higher	15	13.0
Total	115	100.0
Years of experience		
Less than 1 year	20	17.4
1-3 years	51	44.3
4-7 years	17	14.8
8-10 years	13	11.3
more than 10 years	14	12.2
Total	115	100.0

Source: Authors work, 2024.

Small and Medium Enterprises and Sustainable Business Practices

The table below shows the how Small and Medium Enterprises Practice Sustainable Business in the study area. Table 4.2 shows the respondents business sectors which include the agricultural sector, manufacturing sector, retail sector and the construction sectors. The result of table 4.2 also shows respondent response on how important is it for Small and Medium Enterprises in Lokoja to adopt sustainable business practices, 19.1% indicated that it was moderately important, 41.7% indicated that it was very important and 39.1% indicated that it was extremely important. Furthermore, respondents were probe to briefly describe the sustainable practices they have adopted, 19.1% indicated renewable energy adoption and environmental certification, also 19.1% indicated waste management and water conservation, 26.1% indicated sourcing materials and suppliers locally, 22.6% indicated digital transformation and eco-friendly packaging, and 13.0% or respondents indicated community engagement and social initiatives. The findings are in line with Anosike and Adeleke (2016) who explored the relationship between sustainable business practices and Small and Medium-sized Enterprises performance in Nigeria, highlighting the positive impact of adopting sustainable practices on business performance.

Table: 2 Small and Medium Enterprises and Sustainable Business Practices

Variables	Frequency	Percentage (%)
Sector of Small and Medium Enterprises		
Agriculture	40	34.8
Manufacturing	35	30.4
Retail	20	17.4
Construction	20	17.4
Total	115	100.0
How Important is SME adoption of sustainable business practices		
Moderately important	22	19.1
Very important	48	41.7
Extremely important	45	39.1
Total	115	100.0
Sustainable practices you have adopted		
Renewable energy adoption and environmental certification	22	19.1

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Waste management and water conservation	22	19.1
Sourcing materials and suppliers locally	30	26.1
Digital transformation and eco-friendly packaging	26	22.6
Community engagement and social initiatives	15	13.0
Total	115	100.0

Source: Authors work, 2024.

Key barriers faced by Small and Medium-Sized Enterprises in adopting sustainable business practices

The result of table 4.3 below shows key barriers faced by Small and Medium-Sized Enterprises in adopting sustainable business practices in the study area. Respondents indicate that supply chain complexities (MS=4.91) and limited support from the government or other organizations (MS=4.91) ranked 1st respectively, financial constraints and market demands and competition (MS=4.60) ranked 2nd, followed by lack of awareness / knowledge and regulatory / policy challenges (MS=4.26) ranked 3rd, limited resources and expertise (MS=4.21) which ranked 4th, lack of support and incentives (MS=4.08) ranked 5th, resistance to change (MS=4.00) ranked 6th and perceived high costs (MS=3.82). The result of the study is in line with Onuoha *et al.*, (2019) who noted that Small and Medium-sized Enterprises might lack the dedicated personnel or expertise to identify, plan, and implement sustainable initiatives effectively. This can be due to their limited workforce, market demands, innovations and financial capacity.

Table:3 Key barriers faced by Small and Medium-Sized Enterprises in adopting sustainable business practices

S/N	ITEMS	SA	A	U	D	SD	TS	MS	RANK
1	Financial Constraints	75	35	5	0	0	115	4.60	2 nd
2	Lack of Awareness / Knowledge	30	85	0	0	0	115	4.26	3 rd
3	Limited resources and expertise	25	90	0	0	0	115	4.21	4 th
4	Regulatory / policy challenges	40	70	0	5	0	115	4.26	3 rd
5	Market demands and competition	85	25	0	0	5	115	4.60	2 nd
6	Supply chain complexities	25	57	0	10	5	115	4.91	1 st
7	limited support from the government or other organizations	105	10	0	0	0	115	4.91	1 st
8	Perceived high costs	10	85	0	10	10	115	3.82	7 th
9	Resistance to change	115	0	0	0	0	115	4.00	6 th
10	Lack of support and incentives	25	85	0	0	5	115	4.08	5 th

Source: Authors work, 2024.

Factors Influencing sustainable business practices

Findings of table 4.4 below shows factors that motivate Small and Medium-Sized Enterprises to embrace sustainable business practices in the study area. The probit regression result reveals that Access to finance (0.000), Employee engagement (0.001), Supply chain requirements (0.008) increase in consumer awareness (0.000), Demand for sustainable products & services (0.000), Government regulations and policies (0.002), Reduce environmental and social risks (0.001) and Regulatory compliance () were all statistically significant than the conventional p-value of 0.05 and has a positive impact on the likelihood of SMEs embracing sustainable business practices. This suggests that SMEs are influenced by the sustainability requirements imposed by all of the above factors. The study agrees with Lüdeke-Freund (2019) whose findings ascertain that integrating sustainability practices can enhance the resilience of Small and Medium-sized Enterprises, making them better equipped to adapt to changing market dynamics and external shocks.

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Probit Regression Results for Factors Influencing Sustainable Business Practices

Dependent Variable: Sustainable Business Practices					
Variables	Coefficients	Std. Error	t-ratio	p>/t/	Sign
Constant	7.432	.235	27.27	0.000	+
Access to finance	0.321	0.078	4.103	0.000***	+
Employee engagement	0.210	0.064	3.281	0.001**	+
Supply chain requirements	0.135	0.051	2.647	0.008**	+
Increase in consumer awareness	0.289	0.071	4.073	0.000***	+
Demand for sustainable products & services	0.254	0.067	3.789	0.000***	+
Government regulations and policies	0.175	0.055	3.182	0.002**	+
Reduce environmental and social risks	0.198	0.060	3.300	0.001**	+
Regulatory compliance	0.143	0.047	3.042	0.002**	+
R-Square	0.7300				
Adjusted R-Square	0.6275				
F-value	12.35				

Source: Authors work, 2024.

CONCLUSION AND RECOMMENDATION

Conclusion

The assessment of Small and Medium-Sized Enterprises (SMEs) in Lokoja, Kogi State, regarding their role in sustainable business practices has provided valuable insights into the current state of sustainability adoption among these businesses. The findings indicate a promising level of awareness among Small and Medium Enterprises owners and operators concerning sustainable practices, with a considerable number of Small and Medium Enterprises already taking proactive steps to implement environmentally and socially responsible initiatives. However, the assessment also revealed several challenges faced by Small and Medium Enterprises in their journey towards sustainability. Financial constraints, limited access to resources, and inadequate support from external entities were identified as barriers hindering the wider adoption of sustainable practices. To fully leverage the potential of Small and Medium Enterprises in promoting sustainability, it is essential to address these challenges by providing the necessary resources, knowledge, and support.

The study's respondents expressed a desire for increased government support and incentives to accelerate sustainability adoption. Collaborative efforts between the government and Small and Medium Enterprises can create an enabling environment that encourages responsible business practices, including financial incentives, policy frameworks, and capacity-building programs. The findings indicate that Small and Medium Enterprises in Lokoja, Kogi State, have embarked on a promising journey towards sustainability, demonstrating commendable awareness and action in adopting environmentally and socially responsible practices.

Recommendation

The following recommendations are proposed to enhance and support the adoption of sustainability initiatives by Small and Medium Enterprises in Lokoja, based on the findings:

- i. The government and relevant organizations should design and implement specialized support programs to assist Small and Medium Enterprises in adopting sustainable practices.
- ii. To alleviate the financial constraints faced by Small and Medium Enterprises when adopting sustainable practices, the government should consider providing financial incentives such as tax breaks, grants, or low-interest loans specifically tailored for sustainable initiatives.
- iii. Developing a voluntary sustainable business certification system could encourage Small and Medium Enterprises to showcase their commitment to sustainability and differentiate themselves in the market.

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- iv. Facilitate the creation of a local sustainable business network or association where SMEs can collaborate, share knowledge, and exchange experiences on sustainable practices.

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